

Master Promissory Note Print Specifications

The Master Promissory Note (MPN) has a unique 21-character MPN Identification Number (MPN ID). No dollar amount is printed on the MPN, and one note can be used for multiple subsidized and unsubsidized loans.

Following are the specifications for printing the variable data on the MPN:

Note: The following fields correspond to numbered data elements on the preprinted paper MPN.

Section A: To Be Completed By The Borrower (Print this label on line 1 in italics.)			
Form Label/Position	Label Line #	Field Name	Print Instructions
1. Driver's License State and Number	2	Student Borrower's Driver's License State and Number	From left to right, print Student Borrower's Driver's License State and Number separating them by a dash on line 3
2. Social Security Number	2	Student Borrower's SSN	Print the Student Borrower's SSN in 999-99-9999 format on line 4
3. E-mail Address	4	Student Borrower's Current E-mail Address	From left to right, print the Student Borrower's E-mail address on line 5
4. Name and Address (street, city, state, zip code)	6	Student Borrower's Last Name, First Name, Middle Initial	From left to right, print the Student Borrower's Last Name, First Name, and Middle Initial Print a comma and space following the Last Name and a space after the First Name Following the Middle Initial, print the label: <- Last, First, M.I.
4. Name and Address (continued)	6	Student Borrower's Permanent Address OR Student Borrower's Local Address	From left to right, print the Student Borrower's Street Address on line 9
4. Name and Address (continued)	6	Student Borrower's Permanent City, State, and Zip Code OR Student Borrower's Local City, State, and Zip Code	From left to right, print the Student Borrower's City, Mailing State, and Zip Code on line 10 Separate each field with a space and follow city with a comma

Master Promissory Note Print Specifications (Continued)

<i>Section A, continued</i>			
Form Label/Position	Label Line #	Field Name	Print Instructions
5. Date of Birth	7	Student Borrower's Date of Birth	Print in MM/DD/YYYY format on line 7
6. Area Code/Telephone No.	8	Student Borrower's Permanent Telephone Number	Print in (999) 999-9999 format on line 9

<i>Section B: To Be Completed By The School</i> (Print this label on line 26 in italics.)			
Form Label/Position	Label Line #	Field Name	Print Instructions
9. School Name and Address	27	School Name	From left to right, print the School Name associated with the DL school code on the record on line 28
9. School Name and Address (continued)	27	School Address	From left to right, print the School's Street Address associated with the DL school code on line 29
9. School Name and Address (continued)	27	School's City, State, and Zip Code	From left to right, print the School's City, State and Zip Code on line 30 Separate each field with a space and follow city with a comma
10. School Code/Branch	27 28	Direct Loan School Code	Print the Direct Loan School Code on the Loan Record on line 29
11. Identification No.	27	Master Promissory Note identification number, use 21 character Loan ID of one of the loans associated with this Master Promissory Note with loan type code field of the Loan ID replaced with "M" instead of "S" or "U"	Print in 999999999-M-99-99999-9-99 format on line 30

Printing the Federal Direct PLUS Loan Application and Promissory Note

The Federal Direct PLUS Loan Application and Promissory Note (PLUS Promissory Note) requests demographic information from the parent borrower, as well as references for the collection cycle. It also includes a request for information from the student and school.

Once a loan origination record is established, a school may either print a PLUS Promissory Note with the pre-supplied information or provide the borrower or student with a blank form. The parent borrower and the student review, complete, and sign the application.

As completed PLUS Promissory Notes are received from students or parents, enter the application data into the Direct Loan System and continue with the process explained above.

The U.S. Department of Education provides copies of a standard, approved Federal Direct PLUS Promissory Note to participating schools. The current note expires 12/31/2001 and an update note is forthcoming.

A school may create its own form as long as it is identical in format and wording to the one provided by the U.S. Department of Education. The format must be approved by SFA. For more information on the approval process schools should call COD at 800/848-0978.

When printing the PLUS Promissory Note, we recommend the use of Courier, 10 point, 12 pitch. Other settings may cause delays in the processing of the school's notes.

A minimum of two copies must be printed, one as the borrower copy and the other as COD copy. Additional copies can be printed, if desired, as school copies.

When mailing the PLUS Promissory Note, we recommend the use of a number 10 business window envelope.

Use the following specifications to develop a printing system. The specifications are similar to those used to develop the EDEExpress Direct Loan Software.

Federal Direct PLUS Loan Application and Promissory Note Print Specifications

The following specifications are for printing the variable data on the PLUS Promissory Note. If specific data is not present, leave the field blank.

Note: The following fields correspond to numbered data elements on the paper PLUS Promissory Note:

<i>Section A: To Be Completed By Borrower</i> (Print this label on line 1 in italics.)			
Form Label/Position	Line #	Field Name	Print Instructions
1. Identification Number	2	Loan ID	Print Loan ID of P type Loan record in 999999999-X-99-X99999-9-99 format on line 4
1. Identification Number (continued)	2	Promissory Note Print Sequence #	Print Promissory Note Sequence # of P type Loan record in 99 format on line 4
2. Social Security Number	2	Borrower's Current SSN	Print the Borrower's SSN in 999-99-9999 format on line 4
3. Loan Amt. Requested	2	Loan Amount Requested	Print in \$99999 format on line 4
4. Date of Birth	6	Borrower's Date of Birth	Print in MM/DD/CCYY format on line 6
5. U.S. Citizenship Status (Check One)	6	Citizenship Status and Alien Registration Number	<p>If 1, print X on line 7 in the left []</p> <p>If 2, print X in on line 8 in the [], and print Alien Registration Number on line 9 following the label A999999999 format</p> <p>If 3, print X on line 7 in the right [], however, in this case a Promissory Note should not be printed</p>
1 [] U.S. Citizen or national	7		
2 [] Permanent resident / other eligible alien	8		
3 [] Neither 1 nor 2	9		
If 2, Alien Registration No.			

Federal Direct PLUS Loan Application and Promissory Note Print Specifications (Continued)

<i>Section A, continued</i>			
Form Label/Position	Line #	Field Name	Print Instructions
6. Name and Address (last, first, middle initial) (street), (city, state, zip code)	7 8 9	Borrower's Last Name, First Name, Middle Initial	From left to right, print the Borrower's Last Name, First Name, and Middle Initial on line 10 Print a comma and space following Last Name, and a space after First Name
6. Name and Address (continued)	7 8 9	Borrower's Permanent Address	From left to right, print the Borrower's Street Address on line 11
6. Name and Address (continued)	7 8 9	Borrower's Permanent City, State, and Zip Code	From left to right, print the Borrower's City, Mailing State, and Zip Code on line 12 Separate each field with a space and follow city with a comma Left justify within each field
7. Driver's License (State-Number)	10	Borrower's Driver's License State and Number	Print Borrower's Driver's License State and Number separating them by a dash on line 11
8. Area Code/Telephone Number	12	Borrower's Permanent Telephone Number	Print in (999) 999-9999 format on line 13
9. Loan Period (MMDDYYYY to MMDDYYYY)	14	Loan Period Start Date and Loan Period End Date	Print Loan Period Start and End Dates separated by two spaces in MM/DD/YYYY format on line 15

Federal Direct PLUS Loan Application and Promissory Note Print Specifications (Continued)

<i>Section B: To Be Completed By School</i> (Print this label on line 16 in italics.)			
Form Label/Position	Line#	Field Name	Print Instructions
10. School Name and Address	17	School Name	Print the School Name associated with the DL school code on the record on line 18
10. School Name and Address (continued)	17	School's Street Address	From left to right, print the School's Street Address associated with the DL school code on line 19
10. School Name and Address (continued)	17	School's City, State, and Zip Code	From left to right, print the School's City, State, and Zip Code on line 20 Separate each field with a space and follow city with a comma
11. Loan Period	17	Loan Period Start Date and Loan Period End Date	Print Loan Period Start and End Dates separated by two spaces in MM/DD/CCYY format on line 18
12. School Code/Branch	19	Direct Loan School Code	Print the DL school code on line 19
13. Certified Loan Amount	20	Loan Amount Approved	Print in \$99999 format on line 20

Federal Direct PLUS Loan Application and Promissory Note Print Specifications (Continued)

<i>Section B, continued</i>			
Form Label/Position	Line #	Field Name	Print Instructions
14. Anticipated Disbursement Date(s) (MMDDYYYY) 1st	22 23	1st Anticipated Disbursement Date	Print 1st Anticipated Disbursement Date in MM/DD/CCYY format if disbursement cancellation code is blank on line 23
14. Anticipated Disbursement Date(s) (MMDDYYYY) 2nd	22 23	2nd Anticipated Disbursement Date	Print 2nd Anticipated Disbursement Date in MM/DD/CCYY format if disbursement cancellation code is blank on line 23
14. Anticipated Disbursement Date(s) (MMDDYYYY) 3rd	22 23	3rd Anticipated Disbursement Date	Print 3rd Anticipated Disbursement Date in MM/DD/CCYY format if disbursement cancellation code is blank on line 23
14. Anticipated Disbursement Date(s) (MMDDYYYY) 4th	22 23	4th Anticipated Disbursement Date	Print 4th Anticipated Disbursement Date in MM/DD/CCYY format if disbursement cancellation code is blank on line 23

<i>Section C: To Be Completed By Student</i> (Print this label on line 24 in italics.)			
Form Label/Position	Line #	Field Name	Print Instructions
15. Name (last, first, middle initial)	25	Student's Last Name, First Name, and Middle Initial	From left to right, print the Student's Last Name, First Name, and Middle Initial on line 26 Print a comma and space following Last Name, and a space after First Name
16. Social Security Number	25	Student's Current SSN	Print in 999-99-9999 format on line 26

Federal Direct PLUS Loan Application and Promissory Note Print Specifications (Continued)

<i>Section C, continued</i>			
Form Label/Position	Line #	Field Name	Print Instructions
17. U.S. Citizenship Status (Check One)	27	Student's Citizenship Status/Alien Registration Number	<p>If 1, print X on line 28 in the left []</p> <p>If 2, print X in on line 29 in the [], and print Alien Registration Number on line 30 following the label A999999999 format</p> <p>If 3, print X on line 28 in the right [] However, in this case a Promissory Note should not be printed</p>
1 [] U.S. Citizen or national	28		
2 [] Permanent resident / other eligible alien	29		
3 [] Neither 1 nor 2	30		
If 2, Alien Registration Number			
18. Date of Birth	28	Student's Date of Birth	Print in MM/DD/CCYY format on line 29

Promissory Note Paper Manifests

Creating Promissory Note Paper Manifests

All promissory notes must be mailed and accepted by COD before the loans are “booked.” The hard copy promissory notes must be accompanied by a paper manifest that lists the borrower’s name and identification number for each promissory note in the shipment. A paper certification to be signed by an official at the school is provided on the paper manifest. Subsidized/Unsubsidized Master Promissory Notes and PLUS Promissory Notes must be batched separately and a separate paper manifest created for each batch. Additionally, separate batches (manifests) must be created for each DL school code. After processing the manifest is returned to the school address on the promissory note unless the school indicates another address on the manifest.

The format for the Subsidized/Unsubsidized Master Promissory Note paper manifest and the PLUS Promissory Note paper manifest are provided in Appendix D.

Software developers must adhere to these formats. Additionally, the following guidelines must be performed:

- The Report Date (in MM/DD/YYYY format) and the Report Time (in HH:MM:SS format) indicate when the manifest was produced.
- A page number starting with 1, incremented by 1, for each subsequent page printed.

Records are printed in last name alphabetical order, or in numerical borrower ID order. The borrower’s name is printed in last name, first name, and middle initial order. The Loan ID associated with the borrower’s name is printed.

The number of notes for shipping indicates the number of promissory notes covered by the paper manifest. It is only printed on the final page of the paper manifest.

The certification statement, DL school code, school name, signature block, and FAA (Financial Aid Administrator) name are only printed on the last page.

Receiving MPN/PLUS Promissory Note Acknowledgements

COD continues to return an electronic file (under message class DIPA03OP) containing the acknowledgement of all promissory notes. Unlike other batch types, batch integrity is not maintained by COD for promissory notes. Acknowledgements do not match one to one with paper manifests sent by the school.

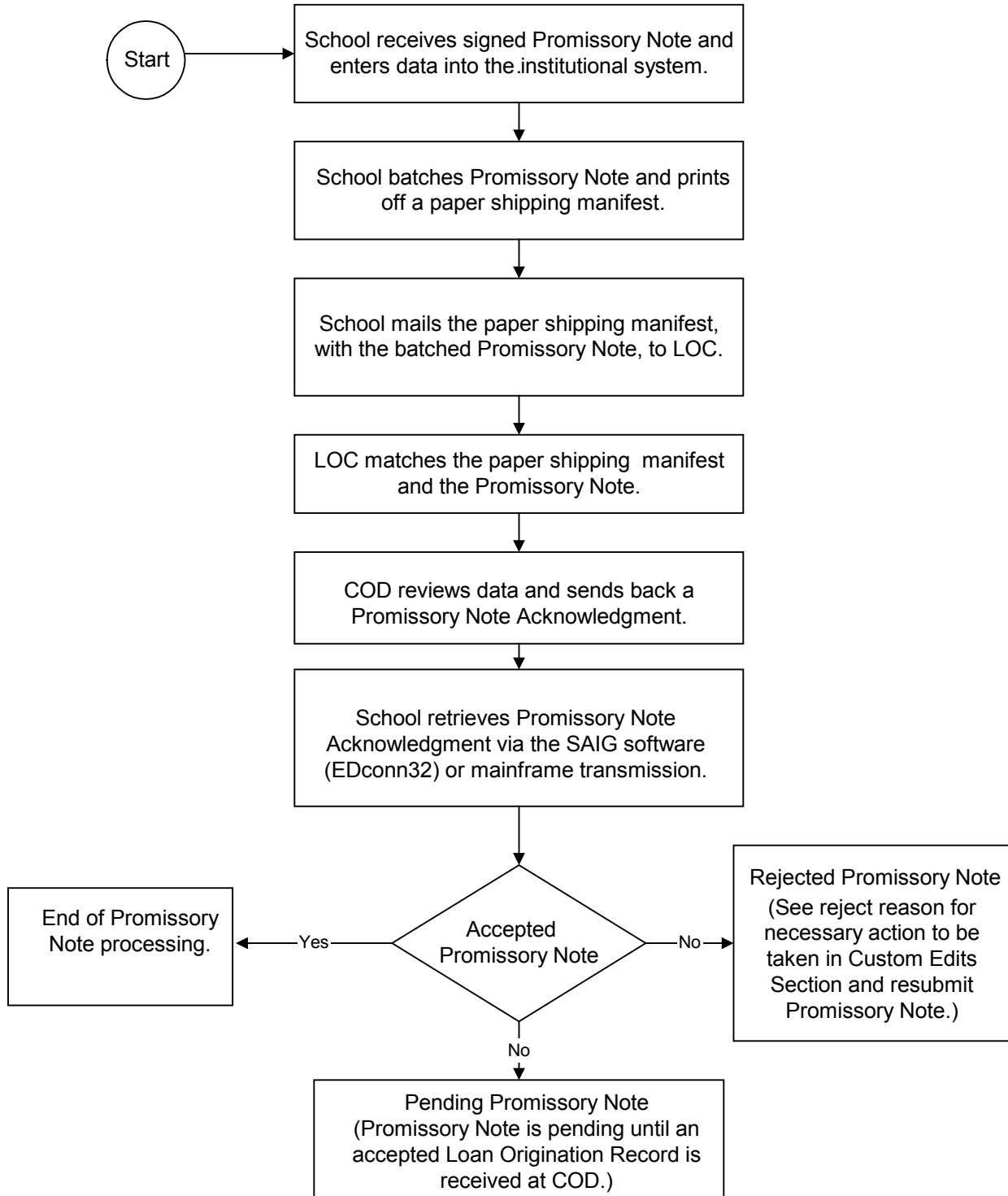
The DIPA03OP file contains a code in field 4 (Promissory Note Status) that returns one of three values: A (Accepted), R (Rejected), or X (Pending). The three categories of reason codes are associated with the actions the school is required to take to resolve the rejected notes.

Promissory Note Rejects

These codes indicate why the promissory note was rejected. A new promissory note must be printed with corrected data. The note must be resubmitted and included in a subsequent batch.

Promissory Note Reject codes are mainly handled through a manual process. However, there are two electronic error codes that may be returned on a Promissory Note Acknowledgement. These error codes are “01” and “S”. Once the Promissory Notes are received in the mailroom, they are manually inspected for missing or incorrect information. A generic checklist is used. If it is determined that there are errors or that information is missing, the checklist is marked in the appropriate blank and returned to the school or borrower (Standard Origination schools). A copy of the checklist is included in the Appendix D.

Promissory Note Process



Promissory Note Anticipated Disbursement Values

Promissory note anticipated disbursement values (DIPA03OP, fields 6–25) are returned to all schools. If amounts are unchanged, these fields are returned with the amounts indicated in the Loan Origination Record.

Option 1 and Option 2 schools may recalculate and store amounts changed on the promissory note before submitting the note to COD.

Funds Drawdown

Tracking Cash and Receipt of Cash

Note: See Custom Overview Section for definitions of Standard Origination, Option 1, and Option 2 schools.

Tracking Cash

Schools must maintain an accurate cash balance record by tracking fund drawdowns and return of excess cash transactions. A Receipt of Cash transaction is a result of Direct Loan funds being transferred to the schools' account from the Financial Management Service (FMS). An Excess Cash transaction is a result of funds being returned to COD as directed by cash management regulations. Each transaction should be stored as a unique record. Multiple transactions should not be considered in the aggregate.

Receipt of Cash

As the funds are received, the school needs to track the receipts of cash. The school must create one cash receipt record for each drawdown received from the FMS and must assign a year indicator. Cash receipts (drawdowns) cannot be combined even if received on the same day.

Return of Excess Cash (Return of Drawdown Funds)

A school must return undisbursed drawdown funds to the U.S. Department of Education. The school can either return undisbursed funds by check to COD or transmit funds by wire through the Federal Reserve Bank. The school must also assign a year indicator. The school must create one return of excess cash record for each check or wire transfer returned. Return of excess cash transactions can be combined if returned on the same day.

Note: For more details on Tracking Cash, Receipt of Cash, and Return of Excess Cash see the Direct Loan School Guide and the appropriate Direct Loan Bulletins.

Disbursement

For Option 2 schools, once the school has an acknowledgement that a completed and signed promissory note is on file, and the borrower meets eligibility requirements, the school can make a loan disbursement to the student or parent (either by check or by crediting the student's account). However, for Standard Origination and Option 1 schools there must be an accepted promissory note on file at COD.

Schools submit a file (DESD03IN) containing disbursement activity by Loan ID to SAIG for transmission to COD. Each actual disbursement transaction is considered by COD to be a unique transaction and is treated as such for reconciliation purposes. For example, once a disbursement is submitted to COD, any modification to the disbursement amount requires another disbursement record. Schools should store each transaction submitted to COD on their databases.

COD edits the information against the loan origination record data stored on its system. See the Disbursement Reject Codes table in this guide for a list of COD edits.

In the COD process disbursements have a Payment Trigger associated with them. Actual disbursement records accepted by COD are stored with the appropriate Payment Trigger.

Note: No action is required by a Phase-in Participant to set or unset the COD Payment Trigger.

If an Actual Disbursement Record is submitted within the required timeframe of or after the disbursement date, the record moves on to either release funds available to a school via drawdown or FedWire/ACH or substantiates money already made available to the school. The specified time period for Direct Loans is up to seven days prior to the disbursement date. COD returns an acknowledgement (DIOD03OP) to the school indicating whether or not each disbursement record is accepted. This acknowledgement is the same record layout as the disbursement export file. The school may receive a record from COD indicating that the disbursement record is rejected. The school needs to resolve the reject and retransmit it to COD.

A school can adjust individual disbursement and/or Loan Amount Approved to zero. This provides the schools more flexibility by simply recording and sending COD an upward adjustment if the loan or disbursement is to be re-activated. Disbursement type “Q”, Adjusted Disbursement Date, is for making adjustments to the actual disbursement date. The “Q” transaction can only be used after the school has sent an actual disbursement and received the disbursement acknowledgement from COD.

Disbursement activity type “L” assists in determining when a disbursement has booked at COD. This record type is returned in the #B batch type.

Activity type “P” is used to indicate payments received from the borrower at Servicing within 120 days of disbursement. If the borrower makes a payment to Servicing, this is indicated by a negative amount. If there is a reversal of the payment, this is indicated by a positive amount. This record type is returned in the SP batch type.

Disbursement Record Types

The five kinds of Disbursement Records are as follows:

Disbursement	Disbursement Activity D (#H)
Adjusted Disbursement Amount	Disbursement Activity A (#H)
Adjusted Disbursement Date	Disbursement Activity Q (#H)
Booking Disbursement	Disbursement Activity L (#B)
Payment to Servicing	Disbursement Activity P (SP)

A Disbursement record contains data for the initial disbursement for a given disbursement number.

An Adjusted Disbursement Amount record is transmitted to COD when the amount of a disbursement needs to be increased or decreased. This includes disbursements being adjusted to zero. Refer to the DL School Guide and appropriate DL Bulletins for further information.

An Adjusted Disbursement Date record is transmitted to COD when the date of an original disbursement needs to be changed.

A Booking Disbursement notification is transmitted to the school when the loan books at COD.

A Payment to Servicing Transaction is transmitted to the school when COD receives notification from Servicing that a payment was sent to Servicing by the borrower within 120 days of disbursement.

Process Loan and Disbursement Adjustments to \$0 (Making a Loan Inactive)

Adjusting loans to \$0 occurs for a variety of reasons:

- Student is no longer attending school
- Student or parent decides not to borrow after a loan has been originated
- School needs to change the Loan Origination Fee
- Student or parent no longer wants, or is entitled to, the entire loan or a specific loan disbursement

To adjust an entire loan to \$0 perform the following:

- Reduce actual disbursements down to zero
- Send a Loan Origination Change Record adjusting the Loan Amount Approved to \$0

All activity can be generated and transmitted on the same day.

The anticipated disbursement amounts are reduced down to zero by COD when the Loan Amount Approved is changed to zero.

When an entire loan is adjusted to \$0, actual disbursement(s) are already made, and the borrower returns the money within 120 days of disbursement, all principal and fees are eliminated. This is also done to comply with regulatory or statutory requirements. Likewise, when a disbursement is adjusted to \$0, the principal and fees for that disbursement are eliminated. If an individual disbursement is adjusted to \$0, that change is sent as a disbursement record.

Adjusting a Loan to \$0 to Change the Loan Origination Fee

- Adjust any actual disbursement to \$0. Send a Loan Origination Change Record adjusting the Loan Amount Approved to \$0. (The fee can also be adjusted at this time. Sending the fee in this step is optional if it is sent on the second step in the specified order). These records can be processed in the same cycle.
- Send the change record to adjust the fee. Adjust the entire loan back up. (The change for the origination fee must be the first change on the change record to process the fee correctly. If you have multiple change records being transmitted, the origination fee change must be the first change on the first change record.)

Timing

For Option 1 and 2 schools, disbursement records are sent after the school has received a signed valid promissory note from the borrower or a valid MPN on file at COD. For Standard schools, disbursement records are sent to COD after an accepted promissory note acknowledgement is received for the borrower. Schools should ensure that the disbursement record is accepted on a disbursement acknowledgement before transmitting change records for adjustments to \$0.

Sequence of Disbursement Records

COD sorts and processes disbursement records by Loan ID, Disbursement Number, and Disbursement Sequence Number. Remember that disbursement activity must be submitted to COD within 30 days of the transaction date.

Confirmation Flag (For Schools in the Confirmation Pilot)

Schools participating in the Confirmation Pilot receive authorization from the borrower for the disbursement of funds under a Direct Subsidized Loan or a Direct Unsubsidized Loan. A Confirmation Flag exists on the Disbursement/Disbursement Acknowledgement. This flag indicates that the borrower at the school has confirmed the disbursement.

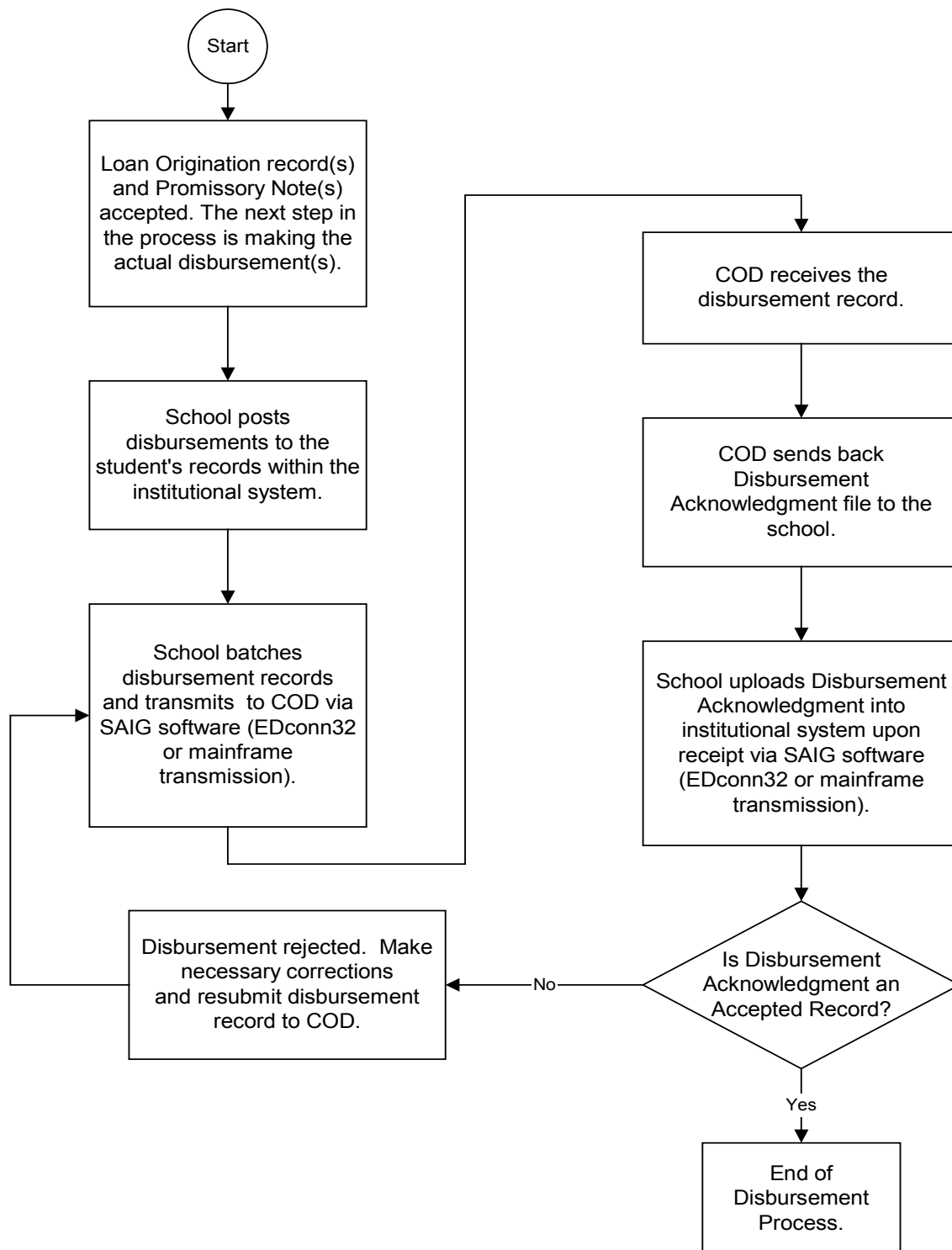
Disbursement Acknowledgements from COD

COD returns one acknowledgement record for each Disbursement Record submitted by the school. Each record in the export file is acknowledged in the import file. The import file header contains the batch ID of the export file. The acknowledgement record is in the same format as the Disbursement Record. If COD calculates different amounts than reported by the school, these amounts are returned in the acknowledgement. If there is no change to the amounts, these fields are returned blank in the DIOD03OP file.

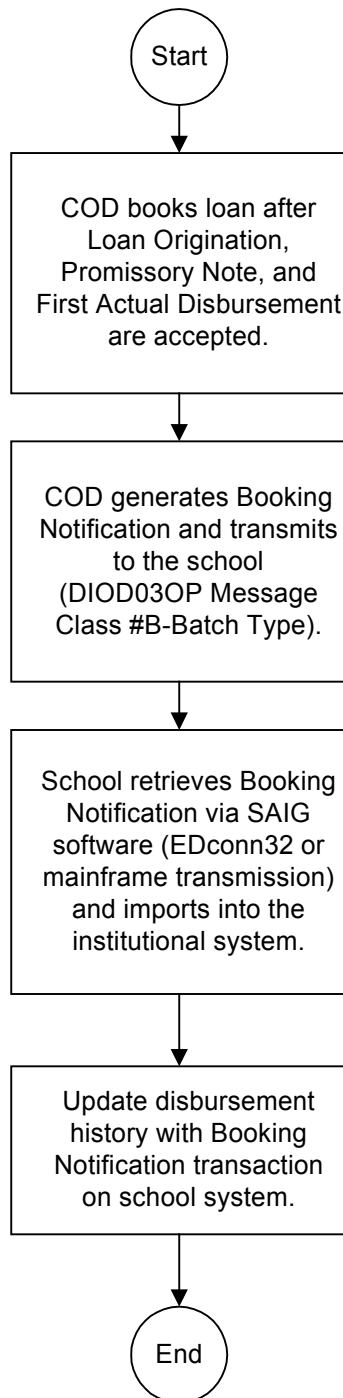
Note: The disbursement acknowledgement date is always blank on the disbursement record (DESD03IN) going to COD. Please do not zero fill.

The disbursement acknowledgement date is provided by COD in the disbursement acknowledgement (DIOD03OP) transmitted from COD.

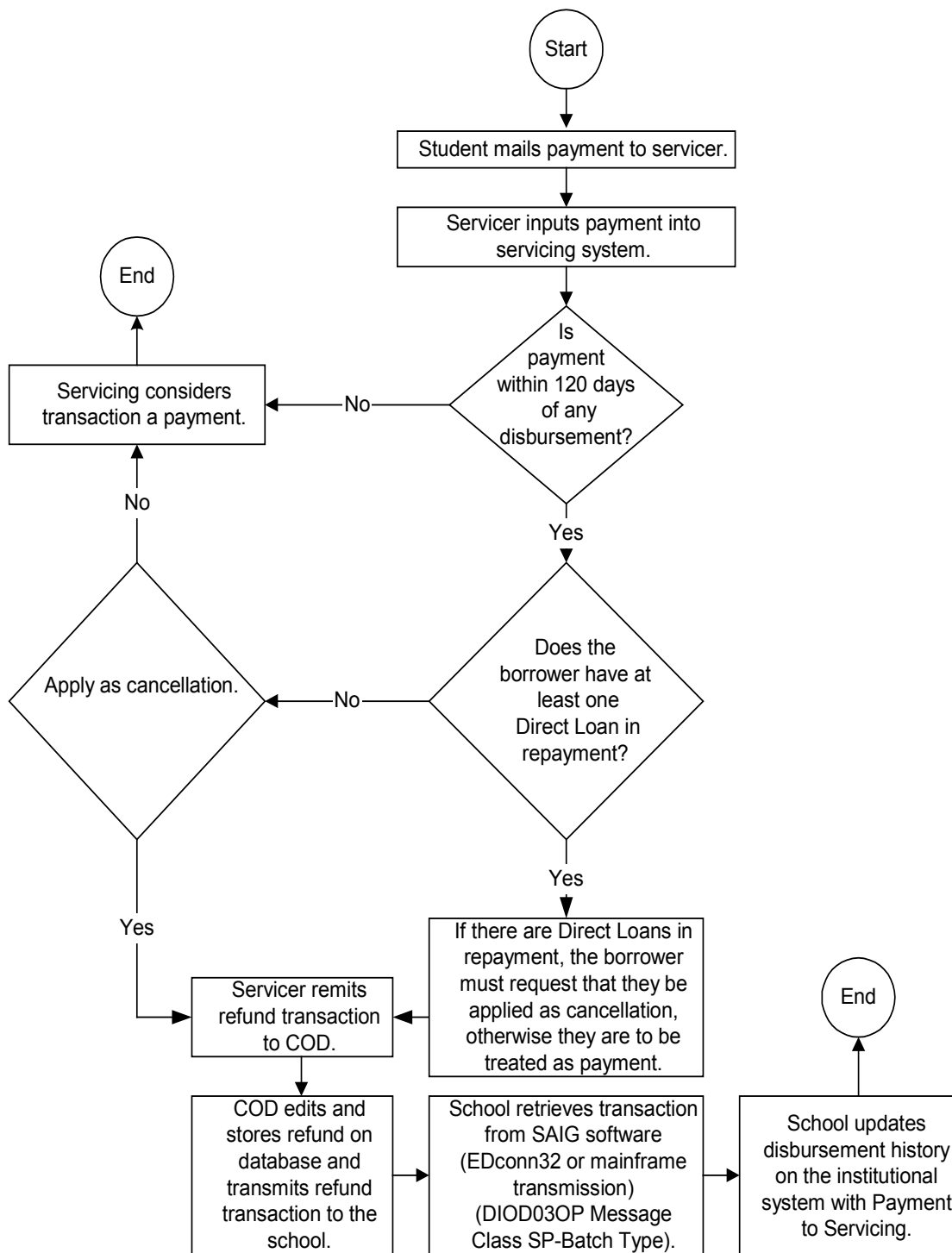
Disbursement Process



Booking Notification Process



Payment to Servicing Process



School Reconciliation

Schools must reconcile the school's Direct Loan records on file at COD with the school's internal Direct Loan records. This process is called School Reconciliation and should be performed by the school on a monthly basis. For more details, see the Direct Loan School Guide.

2002–2003 School Account Statement (SAS) for School Reconciliation

COD initiates the reconciliation process. On a monthly basis, COD sends a School Account Statement (SAS) to each school (designated by DL school code) in the Direct Loan program. This electronic file may be imported and formatted for printing to look similar to a bank statement. The SAS reports COD data on cash balances, cash details, booked loans, and booked or unbooked disbursement transactions. Six types of reconciliation data are sent to the schools: Year-To-Date Cash Summary, Year-To-Date Disbursement Summary by Loan Type, Monthly Cash Summary, Monthly Disbursement Summary by Loan Type, Cash Detail, and Loan Detail. Each school is responsible for reviewing the monthly statement to ensure the accuracy of the data. This data must also be reconciled to the school's internal student account records and bank records.

Software Tool for School Reconciliation– DL Tools

A software tool to assist you with the reconciliation process is DL Tools. This tool replaces the Optional Loan Detail Exception File. Starting with program year 2002-2003, the functionality to import the 2002-2003 SAS file in DL Tools Version 2.0 is available. With this tool all schools can import the SAS file and run comparisons between the loan and disbursement data on file at COD and on your local school database. In addition, this software tool can also be used to track drawdowns and returns of excess cash at your school and compare to the records at COD.

Note: For 2001-2002, DL Tools Version 1.0 allows all schools to run a comparison between the 732 Report and the school's database. This software is available at **www.SFAdownload.ed.gov**.

School Report Options

Users of DL Tools should request COD to send the SAS files in a fixed-length file without a header record. This format option plus other report options for all schools are fully described in the Implementation Guide, Section 4.

Resolving Discrepancies

These two processes, the SAS and DL Tools Version 2.0, assist you in reconciling your school data with the data at COD. When discrepancies are found, you should go back and ensure that all origination, promissory note, and disbursement processing is completed. Remember:

- COD's cash balances only report on "Booked" data for the month reported in the SAS. Booked status on your school system can only be updated by the booked loan transaction.
- Export all pending data batches for origination records, promissory notes, and disbursements.
- Import all pending acknowledgement batches to update the accepted status and booked status flags on your school's system.
- EDEXpress and Combination schools find it helpful to use the Status List to resolve discrepancies on the SAS.

The SAS Record Layouts appear in Section 1, Custom Layouts. See Appendix A for a set of sample reports.

Up-front Interest Rebate Implementation for 2001–2002 and Forward

This section includes the business rules and calculations for gross disbursement, loan fee, net disbursement, and interest rebate amounts.

Business Rules:

- An up-front interest rebate amount is calculated at the disbursement level by the schools for each Direct Subsidized, Direct Unsubsidized and Direct PLUS loan.
- The up-front interest rebate percentage that is in effect starting with 2001–2002 Direct Loans is 1.5 percent.
- The current method to calculate individual Gross Disbursement Amounts and the current rounding logic remain as is. The variance is still applied to the last anticipated disbursement.
- The method to calculate the Net Disbursement Amount and Interest Rebate Amount is new. The new calculations are explained below.
- The resulting Loan Fee Amount and Interest Rebate Amount are truncated. Truncated means the cents are removed and the remaining whole dollar is the amount to use. Do not round up or down.
- When calculating the Combined Fee/Interest Rebate Amount and the Loan Fee Amount, take all results out 3 decimal places to ensure consistent results in automated tools such as MS Excel.
- Schools send to COD the gross disbursement amount, loan fee amount, and net disbursement amount for anticipated and actual disbursements. Additionally, they are sending the interest rebate amount for both anticipated and actual disbursements.

Gross Disbursement Calculations

Gross disbursement calculations do not change with the interest rebate implementation.

When determining gross disbursement amounts for a loan, dollar figures are rounded to the nearest dollar and all disbursements are equal with the exception of the last disbursement, in some cases. This is due to any variance being applied to the last disbursement.

When computing gross disbursement amounts, use the following specifications:

Step 1: Individual disbursement amount is Loan Amount Approved divided by the total number of disbursements. If necessary, truncate any positions that exist past 2 decimal places.

Step 2: Round the individual disbursement amount. Rounding occurs at the 1st and 2nd decimal places to the nearest dollar.

If the 1st and 2nd decimal places are 50 or greater, increment the 1st digit to the left of the decimal sign by one.

If the 1st and 2nd decimal places are less than 50, do not change the 1st digit to the left of the decimal sign.

Step 3: To determine the amount of the last disbursement, multiply the individual disbursement amount by the number of disbursements.

If the sum of the disbursements is greater than the Loan Amount Approved, subtract the difference from the last disbursement.

If the sum of the disbursements is less than the Loan Amount Approved, add the difference to the last disbursement.

Example 1: Determining Gross Disbursement Amount for two disbursements

Loan Amount Approved: \$2625

Step 1: 2625 divided by 2 = 1312.5000

First truncate any positions that exist past 2 decimals as rounding occurs at the 1st and 2nd decimal places.

Therefore 1312.5000 truncates to 1312.50

Step 2: Round at the 1st and 2nd decimal places to determine the individual disbursement amount.

If the 1st and 2nd decimal places are .50 or greater, increment the 1st digit to the left of the decimal sign by 1.

If the 1st and 2nd decimal places are less than .50, do not change the 1st digit to the left of the decimal sign.

Round 1312.50 to 1313. Therefore, all disbursement amounts are 1313 except the last disbursement.

Step 3: To determine the last disbursement amount, multiply the individual disbursement amount by the number of disbursements.

Multiply 1313 by 2 = 2626

Since \$2626 is more than \$2625, subtract the difference of \$1. The last disbursement is equal to \$1313-\$1 or \$1312.

Final Results: 1st Gross Disbursement Amount = 1313

2nd Gross Disbursement Amount = 1312

Total Loan Amount = \$2625

Example 2: Determining Gross Disbursement Amount for three disbursements

Loan Amount Approved: \$1000

Step 1: 1000 divided by 3 = 333.3333

First truncate any positions that exist past 2 decimals as rounding occurs at the 1st and 2nd decimal places.

Therefore 333.3333 truncates to 333.33

Step 2: Round at the 1st and 2nd decimal places to determine the individual disbursement amount.

If the 1st and 2nd decimal places are .50 or greater, increment the 1st digit to the left of the decimal sign by one.

If the 1st and 2nd decimal places are less than .50, do not change the 1st digit to the left of the decimal sign.

Round 333.33 to 333. Therefore, all disbursement amounts are 333 except the last disbursement.

Step 3: To determine the last disbursement amount, multiply the individual disbursement amount by the number of disbursements.

Multiply 333 by 3 = 999

Since \$999 is less than \$1000 you add the difference of \$1. The last disbursement is equal to \$333 + \$1 or \$334.

Final Results: 1st Gross Disbursement Amount = \$333

2nd Gross Disbursement Amount = \$333

3rd Gross Disbursement Amount = \$334

Total Loan Amount = \$1000

Example 3: Determining Gross Disbursement Amount for six disbursements

Loan Amount Approved: \$22,167

Step 1: 22167 divided by 6 = 3694.5000

First truncate any positions that exist past 2 decimals as rounding occurs at the 1st and 2nd decimal places.

Therefore 3694.5000 truncates to 3694.50

Step 2: Round at the 1st and 2nd decimal places to determine the individual disbursement amount.

If the 1st and 2nd decimal places are .50 or greater, increment the 1st digit to the left of the decimal sign by 1.

If the 1st and 2nd decimal places are less than .50, do not change the 1st digit to the left of the decimal sign.

Round 3694.50 to 3695. Therefore, all disbursement amounts are 3695 except the last disbursement.

Step 3: To determine the last disbursement amount, multiply the individual disbursement amount by the number of disbursements.

Multiply 3695 by 6 = 22170

Since \$22170 is more than \$22167, subtract the difference of \$3. The last disbursement is equal to \$3695-\$3 or \$3692.

Final Results: 1st Gross Disbursement Amount = \$3695

2nd Gross Disbursement Amount = \$3695

3rd Gross Disbursement Amount = \$3695

4th Gross Disbursement Amount = \$3695

5th Gross Disbursement Amount = \$3695

6th Gross Disbursement Amount = \$3692

Total Loan Amount = \$22,167

Net Disbursement Amount, Loan Fee Amount, and Interest Rebate Amount Calculations

Loan fee amount calculations do not change with the interest rebate implementation.

When determining the Combined Fee/Interest Rebate Amount and Loan Fee Amount truncate the result. Truncation is using only the whole dollar part of the amount with no rounding up or down. The combined fee/interest is a field used to assist in the calculation of the net disbursement amount.

When calculating individual disbursement loan fee amount, interest rebate amount, and net disbursement amount, use the following specifications for all disbursements:

To calculate **Net Disbursement Amount**:

Step 1: Combined Fee/Interest Rebate Amount (go out to 3 decimal places) = Gross Disbursement Amount x (Loan Fee Percentage – Interest Rebate Percentage)

Step 2: Truncate the Combined Fee/Interest Rebate Amount

Step 3: Net Disbursement Amount = Gross Disbursement Amount – Combined Fee/Interest Rebate Amount

To calculate **Loan Fee Amount**:

Step 4: Loan Fee Amount (go out to 3 decimal places) = Gross Disbursement Amount x Loan Fee Percentage

Step 5: Truncate the Loan Fee Amount

To calculate **Interest Rebate Amount**:

Step 6: Interest Rebate Amount = Net Disbursement Amount – (Gross Disbursement Amount – Loan Fee Amount)

To calculate from **Net Disbursement Amount to Gross Disbursement Amount** use the following calculation:

Net disbursement amount multiplied by 100 divided by 100 minus (Fee% - Rebate%)

OR

Net disbursement amount divided by .985 = Gross disbursement amount (truncated)

Then proceed with Step 4 listed above.

Example 1: Determining Combined Fee/Interest Rebate Amount, Disbursement Net Amount, Loan Fee Amount, and Interest Rebate Amount for three disbursements

		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Disb. Number	Gross Disb. Amount	Combined Fee/Interest Rebate Amount	Truncated Combined Fee/Interest Rebate Amount	Disb. Net Amount	Loan Fee Amount	Truncated Loan Fee Amount	Interest Rebate Amount
1	\$1167	$1167 \times (.03 - .015) = 17.505$	17	$1167 - 17 = 1150$	$1167 \times .03 = 35.01$	35	$1150 - (1167 - 35) = 18$
2	\$1167	$1167 \times (.03 - .015) = 17.505$	17	$1167 - 17 = 1150$	$1167 \times .03 = 35.01$	35	$1150 - (1167 - 35) = 18$
3	\$1166	$1166 \times (.03 - .015) = 17.49$	17	$1166 - 17 = 1149$	$1166 \times .03 = 34.98$	34	$1149 - (1166 - 34) = 17$
Totals	\$3500			3449		104	53

Example 2: Determining Combined Fee/Interest Rebate Amount, Disbursement Net Amount, Loan Fee Amount, and Interest Rebate Amount for twelve disbursements

		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Disb. Number	Gross Disb. Amount	Combined Fee/ Interest Rebate Amount	Truncated Combined Fee/ Interest Rebate Amount	Disb. Net Amount	Loan Fee Amount	Truncated Loan Fee Amount	Interest Rebate Amount
1	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
2	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
3	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
4	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
5	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
6	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
7	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
8	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
9	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
10	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
11	\$219	$219 \times (.03 - .015) = 3.285$	3	$219 - 3 = 216$	$219 \times .03 = 6.57$	6	$216 - (219 - 6) = 3$
12	\$216	$216 \times (.03 - .015) = 3.24$	3	$216 - 3 = 213$	$216 \times .03 = 6.48$	6	$213 - (216 - 6) = 3$
Totals	\$2625			2589		72	36

Example 3: Determining Combined Fee/Interest Rebate Amount, Disbursement Net Amount, Loan Fee Amount, and Interest Rebate Amount for two disbursements

		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Disb. Number	Gross Disb. Amount	Combined Fee/ Interest Rebate Amount	Truncated Combined Fee/ Interest Rebate Amount	Disb. Net Amount	Loan Fee Amount	Truncated Loan Fee Amount	Interest Rebate Amount
1	\$1313	$1313 \times (.03 - .015) = 19.695$	19	$1313 - 19 = 1294$	$1313 \times .03 = 39.390$	39	$1294 - (1313 - 39) = 20$
2	\$1312	$1312 \times (.03 - .015) = 19.680$	19	$1312 - 19 = 1293$	$1312 \times .03 = 39.360$	39	$1293 - (1312 - 39) = 20$
Totals	\$2625			2587		78	40

Rounding Logic for Disbursement Amount Calculations Table

The following table provides a summary of the fields that are calculated when **Subsidized/Unsubsidized Disbursements** are entered or changed:

Loan Fee Percentage = 3 percent and Interest Rebate Percentage = 1.5 percent.

Field Name	Description
1st Gross Disbursement Amount	Per Gross Disbursement Calculations
1st Combined Fee/Interest Rebate Amount	1st Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
1st Loan Fee Amount	1st Gross Disbursement Amount multiplied by Loan Fee Percentage
1st Net Disbursement Amount	1st Gross Disbursement Amount minus 1st Combined Fee/Interest Rebate Amount
1st Interest Rebate Amount	1st Net Disbursement Amount minus (1st Gross Disbursement Amount minus 1st Fee Amount)
2nd Gross Disbursement Amount	Per Gross Disbursement Calculations
2nd Combined Fee/Interest Rebate Amount	2nd Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
2nd Loan Fee Amount	2nd Gross Disbursement Amount multiplied by Loan Fee Percentage
2nd Net Disbursement Amount	2nd Gross Disbursement Amount minus 2nd Combined Fee/Interest Rebate Amount
2nd Interest Rebate Amount	2nd Net Disbursement Amount minus (2nd Gross Disbursement Amount minus 2nd Loan Fee Amount)

Rounding Logic for Disbursement Amount Calculations Table (Continued)

Optional:	
3rd through 20th Gross Disbursements:	Per Gross Disbursement Calculations
3rd through 20th Combined Fee/Interest Rebate Amount	3rd through 20th Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
3rd through 20th Loan Fee Amount	3rd through 20th Gross Disbursement Amount multiplied by Loan Fee Percentage
3rd through 20th Net Disbursements	3rd through 20th Gross Disbursement Amount minus 3rd through 20th Combined Fee/Interest Rebate Amount
3rd through 20th Interest Rebate Amount	3rd through 20th Net Disbursement Amount minus (3rd through 20th Gross Disbursement Amount minus 3rd through 20th Loan Fee Amount)
Total Gross Disbursements	Sum of all gross disbursements
Total Loan Fee Amount	Sum of all loan fee amounts
Total Interest Rebate Amount	Sum of all interest rebate amounts
Total Net Disbursements	Sum of all net disbursements

Rounding Logic for Disbursement Amount Calculations Table (Continued)

The following table provides a summary of the fields that are calculated when PLUS disbursements are entered or changed:

Loan Fee Percentage = 4 percent and Interest Rebate Percentage = 1.5 percent.

Field Name	Description
1st Gross Disbursement Amount	Per Gross Disbursement Calculations
1st Combined Fee/Interest Rebate Amount	1st Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
1st Loan Fee Amount	1st Gross Disbursement Amount multiplied by Loan Fee Percentage
1st Net Disbursement Amount	1st Gross Disbursement Amount minus 1st Combined Fee/Interest Rebate Amount
1st Interest Rebate Amount	1st Net Disbursement Amount minus (1st Gross Disbursement Amount minus 1st Loan Fee Amount)
2nd Gross Disbursement Amount	Per Gross Disbursement Calculations
2nd Combined Fee/Interest Rebate Amount	2nd Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
2nd Loan Fee Amount	2nd Gross Disbursement Amount multiplied by Loan Fee Percentage
2nd Net Disbursement Amount	2nd Gross Disbursement Amount minus 2nd Combined Fee/Interest Rebate Amount
2nd Interest Rebate Amount	2nd Net Disbursement Amount minus (2nd Gross Disbursement Amount minus 2nd Loan Fee Amount)
Optional:	
3rd /4th Gross Disbursements:	Per Gross Disbursement Calculations
3rd /4th Combined Fee/Interest Rebate Amount	3rd /4th Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage)
3rd /4th Loan Fee Amount	3rd /4th Gross Disbursement Amount multiplied by Loan Fee Percentage
3rd /4th Net Disbursements	3rd /4th Gross Disbursement Amount minus 3rd /4th Combined Fee/Interest Rebate Amount
3rd /4th Interest Rebate Amount	3rd /4th Net Disbursement Amount minus (3rd /4th Gross Disbursement Amount minus 3rd /4th Loan Fee Amount)
Total Gross Disbursements	Sum of all gross disbursements
Total Loan Fee Amount	Sum of all loan fee amounts
Total Interest Rebate Amount	Sum of all interest rebate amounts
Total Net Disbursements	Sum of all net disbursements

Leap Year Logic

EDEExpress uses the following date format and leap year logic in the date fields on its databases:

- The date field format is CCYY/MM/DD.
- For (CC), the date field must contain only 19 or 20.
- For (YY), the date field must contain only 00–99.
- For month (MM), the date field must contain only 01–12.
- For day (DD), valid range depends on the month, as follows:

<u>Month</u>	<u>Valid Day Range</u>
01	01–31
02	01–28 (unless year is divisible by 4 when 01–29 is valid)
03	01–31
04	01–30
05	01–31
06	01–30
07	01–31
08	01–31
09	01–30
10	01–31
11	01–30
12	01–31